

**Transportation  
Revenue Sharing**

	<b>Revised FY 2006</b>	<b>Requested FY 2007</b>	<b>Requested FY 2008</b>	<b>Recommended FY 2007</b>	<b>Recommended FY 2008</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	229,080,600	258,487,400	255,836,400	257,668,000	252,908,400
Current Year Appropriation	11,858,400				
<b>Total Road Fund</b>	240,939,000	258,487,400	255,836,400	257,668,000	252,908,400
<b>Highway Bonds</b>					
Balance Forward	75,524,099	75,000,000			
Current Receipts	74,475,901			75,000,000	
<b>Total Highway Bonds</b>	150,000,000	75,000,000		75,000,000	
<b>TOTAL SOURCE OF FUNDS</b>	390,939,000	333,487,400	255,836,400	332,668,000	252,908,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,870,500	3,066,000	3,147,700	2,935,100	2,971,100
Operating Expenses	46,443,900	47,139,100	47,654,600	47,139,100	47,654,600
Grants, Loans or Benefits	129,827,200	139,279,200	137,849,200	138,837,200	132,945,200
Construction	211,797,400	144,003,100	67,184,900	143,756,600	69,337,500
<b>TOTAL EXPENDITURES</b>	390,939,000	333,487,400	255,836,400	332,668,000	252,908,400
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	240,939,000	258,487,400	255,836,400	257,668,000	252,908,400
Highway Bonds	150,000,000	75,000,000		75,000,000	
<b>TOTAL EXPENDITURES</b>	390,939,000	333,487,400	255,836,400	332,668,000	252,908,400
<b>EXPENDITURES BY UNIT</b>					
County Road Aid	191,096,000	147,720,600	96,714,100	147,409,500	93,522,100
Rural Secondary	110,510,000	118,546,400	117,325,400	118,169,000	119,101,400
Municipal Aid	88,330,000	66,117,400	40,693,900	65,986,500	38,981,900
Energy Recovery	1,003,000	1,103,000	1,103,000	1,103,000	1,303,000
<b>TOTAL EXPENDITURES</b>	390,939,000	333,487,400	255,836,400	332,668,000	252,908,400

There are four components of the Revenue Sharing program: County Road Aid program, authorized by KRS 179.410-179.415; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365; and the Energy Recovery Road Fund program, authorized by KRS 177.977-177.990. Funding for each program is based on the amount of certain taxes or fees collected.

The County Road Aid program and Rural Secondary Aid program receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels taxes. The County Road Aid program includes all of Kentucky's counties, municipalities, and qualified unincorporated urban areas. The Rural Secondary Aid program receives 22.2 percent of motor fuels taxes. These funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

## **Policy**

The Executive Budget provides \$75 million in additional highway bonds to be issued in the latter part of fiscal year 2007 to support the County Road Aid program and the Municipal Road Aid program. The bonded indebtedness provides \$50 million to the County Road Aid program and \$25 million to the Municipal Road Aid program. One half of the bond proceeds will be distributed to the local governments on the formula basis currently in statutes. The other one-half of the issue will be made available to local governments on an application basis determined by the Transportation Cabinet.

The Executive Budget suspends the provisions of KRS 177.320(2) and reduces the Road Fund support to the County Road Aid program by \$4,656,000 in fiscal year 2008 which represents the program's proportional share of debt service on the \$50 million in highway bonds proposed in the budget.

The Governor's budget recommendation suspends KRS 177.365(1) and reduces the Road Fund support to the Municipal Aid program by \$2,328,000 in fiscal year 2008 which represents the program's proportional share of debt service on the \$25 million in highway bonds proposed in the budget.

The Executive Budget provides funding to the Kentucky Transportation Center to be increased \$100,000 above that provided in KRS 177.320(4). This funding is drawn from the Revenue Sharing programs in the same proportions as the motor fuel tax receipts are statutorily dedicated to those programs. The appropriation to the Kentucky Transportation Center is contained in the Department of Highways Research program.